

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2005-210-E - ORDER NO. 2005-606
OCTOBER 17, 2005

IN RE: Application of Duke Energy Corporation for) ORDER ON INQUIRIES
Authorization to Enter into a Business) AND APPOINTING
Combination Transaction with Cinergy) HEARING OFFICER
Corporation.)

This matter comes before the Public Service Commission of South Carolina (the Commission) on the matter of the Application of Duke Energy Corporation (Duke or the Company) for authorization to enter into a business combination transaction with Cinergy Corporation.

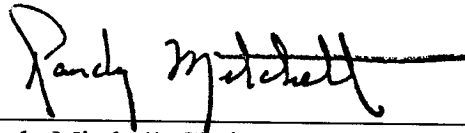
We hold that this Commission shall make certain inquiries of the parties in order to assist this Commission in carrying out its statutory duty of determining that the proposed merger is in the public interest. These inquiries are contained in Exhibit A to this Order, and they shall be provided to the parties for response.

So as not to further delay this matter, we request that the parties consider and suggest alternative ways of providing the requested information, such as sponsorship of the information through further witness testimony or submission of affidavits. Further, Charles L.A. Terreni is hereby appointed as hearing officer to coordinate with the parties concerning the provision of the requested information.

Finally, the information requested in Exhibit A shall be provided to this Commission at the earliest date convenient to the parties, but shall be provided to this Commission no later than Wednesday, October 19, 2005.

This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:



Randy Mitchell, Chairman

ATTEST:



G. O'Neal Hamilton, Vice Chairman

(SEAL)

Exhibit A

1. If FERC requires power plant divestiture as a condition of merger approval, which, if any, South Carolina power plants would be impacted? How will reserve margins in South Carolina be affected in that event?
2. What impacts to Duke's current employment of South Carolina workers is anticipated as a result of the merger?
3. Please elaborate on the impact of the merger to South Carolina economic development efforts – including but not limited to Advance South Carolina – that are anticipated as a result of the merger.
4. Will the fact that Cinergy is a member of MISO, and that Duke recently selected MISO to be its Independent Transmission Coordinator, create motivation for Duke Power to participate more fully in that or another RTO?
5. Please discuss the operating challenges relative to having a portion of the new company's transmission system affiliated with MISO, Duke's recent proposal for an Independent Transmission Coordinator and the close proximity to PJM of Duke's North Carolina transmission system. How will overall transmission system planning be accomplished with all these stakeholders?
6. How will Duke account for the operation of the post-merger company in states with retail deregulation and states where retail markets remain regulated?
7. Are consistent native load protection provisions being sought among all states impacted by the proposed merger?
8. Increased efficiency, reduced operating costs, increased financial flexibility, and higher earnings after one year have all been cited as potential benefits of the proposed merger. Can these claims be substantiated in a quantitative fashion? If so, please provide that substantiation.
9. What systems will be put in place to ensure that New Duke captures all the synergies, increased efficiencies and reduced costs cited in justifying the proposed merger?
10. What is the basis of the \$40 million figure selected for the first-year rate decrement for South Carolina retail base rates?
11. What longer term impact to the electric rates of South Carolina customers are anticipated as a result of the merger? What factors will impact those rates? If the

benefits of the merger are expected to be long term, why is the proposed one-year retail rate reduction temporary?

12. What steps does Duke intend to take to eliminate the possibility of cross-subsidization between the regulated and unregulated portions of the combined companies, and among the various jurisdictions in which the new company will operate?
13. Please provide the testimony of Dr. Hieronymus which was referenced in the South Carolina merger application in Exhibit J – Facts Relied upon to Demonstrate Consistency with Public Interest.
14. Please discuss New Duke's plans to develop and maintain renewable energy resources.